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ABSTRACT

The importance of fiscal management and its reflection in the administrative program (placement of emphasis, priorities in long range planning, and activities that need developing) is reviewed in this report. Guidelines are provided for (1) cost analysis in education budgets; (2) purposes of budgets; (3) types of budgets (Planning Programming Budgeting Systems, Program Evaluation and Review Technique, Management by Objectives/Results, Organization Development); and (4) preparations and procedures for budget making. References are included. (DS)

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Budget Making and Financial Accountability for Physical Education Programs

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The Importance of Fiscal Management

Budgeting and financial accounting provide the necessary administrative machinery and operations to request funds, make them available for needed facilities, programs, projects and individuals who then exercise control to see that they are used in an effective and efficient manner. Administration is responsible for this function and requires special qualities on the part of the administrator such as; integrity, foresight, wisdom and firmness.

Fiscal management reflects the administrative program. It shows where the emphasis is, what is considered important in long-range planning, and the activities that need developing. The administrator must coordinate the program with sound budgeting and financial accounting principles, a must if the program is to exist and prosper.

According to Knezevich (1975), the budget is the heart of fiscal management and is the fiscal interpretation of the educational program. The budget alone is the general financial and educational plan for a stated period of time. An example of this concept is viewed by Lahti (1973) as he noted that budgeting has been handled predominately as a process of addition or multiplication. This approach was based on student growth during a stipulated period of time as the justification for budget increases.

SP013 367

The services that a school system provides, whether professional and staff personnel assistance, facilities, instructional materials and other items usually involves the disbursement of funds. These funds must be secured from proper sources, be expended in the light of educational purposes, and be accounted for item by item. The budget, the master financial plan for the college system or any subdivision is constructed with this purpose in mind (Bucher, 1971a). Therefore, any school official who receives and expends funds is expected to employ sound business methods. For him to do otherwise reflects adversely upon his important position and mission to the institution. Nevertheless, this situation occasionally prevails regardless of the size of the institution or the amount of money involved. According to Voltmer and Esslinger (1967), no teacher or administrator can afford to be careless or ignorant in handling an institutions funds.

Education is big business and is rapidly occupying a major role in the fiscal planning of national, state and local units of government. Only as the funds are used wisely and in the best interests of the students and all the people concerned can the large outlay of monies be justified.

The Place of Financial Management and Budget in Physical Education

Of all the subject matter areas in elementary, secondary, or college educational systems, health and physical education require one of the largest allocations of funds in order for the programs to function effectively. The cost of personnel, health services, facilities, supplies and equipment are only a few of the items that amount to large expenditures of money. As much

as 25% of many school and college plants are devoted to these programs. There are, according to Bucher (1971a), "probably 200,000 physical educators and coaches getting paid at least one billion dollars annually in salaries for more than sixty million children and young people involved in health and physical education activities".

When the physical education budget is submitted separate from the athletic budget, it is much easier to prepare because it is not concerned with the estimation of income and it does not involve the amount of variety of expenditures as noted by Votmer and Esslinger (1967).

Gymnasia, swimming pools, weight rooms, outdoor facilities and other teaching stations are being constructed at an immense cost to the taxpayer. For this reason alone there must be sound financial management. Therefore, the financial management and budget in physical education exists, as stated by Bucher (1971a) for the following purposes:

1. To prevent misuse and waste of funds that have been allocated to these special fields.
2. To help coordinate and relate the objectives of health and physical education programs with the money appropriated for achieving such outcomes.
3. To ensure that monies allocated to health and physical education will be based upon research, study and a careful analysis of the pertinent conditions that influence such a process.
4. To involve the entire staff in formulating policies and procedures and in preparing budgetary items that will

help ensure that the right program directions are taken.

5. To utilize funds in a manner that will develop the best programs of health and physical education possible.
6. To exercise control over the process of fiscal management in order to guarantee that the entire financial process has integrity and purpose.
7. To make the greatest use of personnel, facilities, supplies, equipment and other factors involved in accomplishing educational objectives.

Cost Analysis in Education Budgets

Cost analysis of materials consumed or used in a program is a derivative of cost accounting. The need for cost analysis is to aid the administrator in evaluating present operations as well as to project future planning. Cost analysis is limited according to Bucher (1971a) to the types of accounting systems being used as well as designating the unit to be compared.

Various units are used in cost analysis for the general education fund. The number of students in attendance, the census, average daily attendance and average daily membership are some of those used. Knezevich and Fowlkes (1960) found in their study that most common raw per capita unit used in cost analysis is per student in average daily attendance. It should be recognized according to these writers that there is no universally accepted definition of average daily attendance. Whereas some states would permit all students to be counted in attendance when teachers are attending a state teachers meeting, others would not. The writers also pointed out that as a raw measure of the educational burden,

the average daily membership is a better measure than the average daily attendance. Teachers salaries must be paid whether students are in 90% or 100% attendance and desks and books must be available whether students are in attendance or not. Tradition, however, has favored the average daily attendance unit over that of average daily membership.

Cost analysis as it relates to equipment and supplies for health and physical education may be simply handled by allowing a certain number of dollars per student enrolled in the various levels of the school system. With this in mind, good business administrative practice should allow a space on the budget sheet for personnel in all departments to list any needs over the specified allocations but must justify its inclusion in the budget. Although cost analysis methods work quite well, one of the drawbacks of using cost analysis is that it is physically impossible for the data to be current. Cost analysis was one of four items noted in a study by Texas A & M University in 1961 which were obtained from physical educators and represents the basis on which most allocations of funds to programs of physical education and health were determined. They were:

1. Needs - for the coming year.
2. Increased Expenditures - a sound estimate of projected increases in regard to student program participation based on increased enrollments, student interest, program changes and the anticipated costs of equipment and supplies to be used.
3. Inventory - present equipment and supplies on hand and the condition of these items.

4. Previous year's budget - amounts allocated in previous year or years.

Budgeting

When the budget is regarded as a statement of anticipated expenditures and revenues, it is the economic document of that institution. For that institution to best serve society, its funding should be allocated as such to obtain the greatest yield of educational productivity. This is the criterion of efficiency, the use of available resources in such a way as to maximize goal achievement as stated by Bucher (1971b). Therefore, budgeting is the formulation of a financial plan in terms of work to be accomplished and services to be performed. For example, all the expenditures should be closely related to objectives of the institution and the budget should forecast revenues and expenses for a period of one year. To achieve this, according to Lahti (1973), budgets must be flexible enough to make the controls more effective thus, forcing new innovative ideas at a time of financial instability of higher education. Strategies, as defined by Lahti (1973), that would allow such flexibility include a readjustment of present programs to meet not only present but future needs and the consideration of various programs as well as possible cutbacks across the board. Also mentioned by the author was a trend towards cooperation with other institutions as well as a closer look at present positions of staff and administration.

PURPOSES OF BUDGETS: Budgets express the plan and program. They determine such things as; class size, supplies, equipment and facilities, methods used, results and educational values

sought as well as personnel available. They reflect an institutions phylosophy and policies and determine what phases of the program are to be emphasized. They can, with the other budgets of educational subdivisions, determine the tax levy for the school district (when dealing with the community college setting) and finally can make it possible to administer a physical education program economically by improving accounting procedures.

Jellema (1973), in discussing the purpose of budgets, surveyed private colleges and universities and found that due to a greater attention to cost accounting as reported by 42% of the institutions surveyed, the budgets purpose was to provide a finer definition of goals and objectives. Fortyfive percent said their financial difficulties have prompted the development of better fund-raising techniques as well.

TYPES OF BUDGETS: There are short-term and long-term budgets. The short-term is usually the annual budget that runs for a twelve-month period. The long-term budget represents long-term fiscal planning, possible for a ten-year period.

Most health and physical education budgets are short-termed or annual whereby they plan their financial needs for a period covering the school year. Most recently, there has been a tremendous growth toward a systems approach method of managing budgetary matters in higher education. Both Knezevich (1975) and Lahti (1973) mentioned certain types of budget systems such as P.P.B.S. (Planning Programing Budgeting System), P.E.R.T. (Program Evaluation and Review Technique), M.B.O./R. (Management by Objectives/Results) and Lahti (1973) added the O.D. (Organization Development) concept.

The concept of P.P.B.S. was examined by Avedisian (1972) as it related to physical education programs. He stated that the planning phase included establishing the objectives, the programming phase, combined activities and events to produce distinguishable results and the budgeting phase was concerned with the allocation of resources. The author mentioned that no longer are physical education programs thought of in terms of balls and bats, but how they fit into the curriculum in a systematic way. As Bucher (1971a) mentioned and Avedisian (1972) agreed, the long-range planning concept has compelled physical educator's to think and function in terms of a decision-making analysis and information feedback systems to provide the best overall programs in physical education.

Hartley (1968) commented on P.P.B.S. by stating that:

> "P.P.B.S. does not compensate for insufficient funds, nor is it intended to be a cost-reduction device for hard-pressed school officials... A planning-programming-budgeting system provides a more rational basis for the efficient allocation of scarce resources among competing programs. Its basic distinction from traditional planning procedures is that the focus is upon the outputs of an organization rather than upon its imputs."
>
> (p. iv)

The PERT method examined by Knezevich (1975) and Lahti (1973) acts as a tool for management in defining and coordinating what must be done successfully if goals and objectives are reached on time. Lahti (1973) noted that the O.D. method is a strategy to

change the structure of an organization so that the institution can cope with new values and technologies as well as change itself.

The M.B.O. type of budget concept was mentioned by Lahti (1973) and Knezevich (1975) as a very popular method of management to base budget allocations on a series of objectives set up, carried out and constantly reevaluated to determine if funds are being allocated properly to obtain stated goals and objectives. Still another systems approach, that of Policy Analysis (P.A.) was noted by Balderston (1974) as essential to institutions of higher education due to two recent trends. One trend being that many universities have documented an upward drift in average course grades of undergraduates during the late 1960's and early 1970's. Assesing the reasons for this trend is both difficult and inconclusive at this time. The other trend making P.A. essential to higher education budget considerations was the seemingly nondecision in university performance over the past few decades in regard to sex distribution of faculty.

These two examples cited by the author, illustrated the desirability of analysis of institutional policy and practice in light of demands for institutional accountability and change.

In defining Policy Analysis, Balderston (1974) stated:

> "Policy Analysis --- uses decisions as the major organizing principle instead of activities. In higher education, these decisions might be student admissions, tuition, faculty staffing, library acquisitions, new construction, or new academic program development, among others. The approach

of policy analysis is to bring careful analysis to bear incrementally in specific decision problems and build a planning and management 'system' on a case law or precedent basis."

(p. 101)

PREPARATION OF THE BUDGET: The preparation of the budget should be accomplished in such a way that it is flexible and allows for readjustments to be made, if necessary. The budget should represent a schedule that can be justified as each item showed should be reflected in budget specifications.

Mitchell (1961) lists five important considerations in budget preparation, they are:

1. What was planned last year?
2. What was accomplished last year?
3. What can realistically be accomplished this year?
4. What needs to be done?
5. How is it to be done?

In preparing the budget, Voltmer and Esslinger (1967), note that the first step is to take an inventory of what is on hand then determine the total amount and type of equipment needed during the next year. Furthermore, in making the estimate, be certain to order an adequate amount. Basically, it is better to err on the side of too much than too little. However, in a department with several faculty members, it is advisable for the administrator to solicit the advice of the faculty before ordering new equipment.

PROCEDURES IN MAKING A BUDGET: Budget making naturally originated in connection with business and government enterprises.

In surveying the literature, three basic steps should be followed for the construction of a budget, they are:

1. Collecting the necessary information.
2. Classifying the information.
3. Presenting and adopting the budget.

Budgets in physical education, after being prepared, should usually be submitted to the Dean of the college or in small colleges, to the President's office. The Department Chairman represents the person in charge of his particular academic area. Therefore, good administration would mean that the budgetary items would be reviewed with him during their preparation so that approval will be a routine matter. For successful adoption, the budget should be prepared in final form only after careful consideration of all variables is complete to minimize any changes. Finally, the budget should be adopted before any purchases are made or expenditures entered into for the next year. The reason for this is obvious, but frequently overlooked by administrators as well as faculty. Furthermore, Cheit (1971) found in his study for The Carnegie Commission on Higher Education, that one-quarter of all private colleges and universities are now drawing an endowment to meet operating expenses and considering this as a procedural part of their budget construction. As a general procedure, the college submits a proposed budget, and eventually receive an appropriation. Their actual budget is determined by this sum. Since they cannot draw on capital accounts or budget for operating expenditures which surpass the appropriations, they are bound to acceptance of the appropriations. When these appropriations fall short of the budget requests, they may force a

reduction in quality which can be detremental to out system of higher education and specifically physical education.

Summary

In summaryzing the overall costs of institutions of higher education, Medsker and Tillery (1971) mentioned that much serious thought must be given to this area during the next decade. The viewing of budgets as to outlay of funds necessary to maintain a sound network of systems of elementary, secondary and colleges or universities should keep in mind two fundamental points. One, that total expenditures for all education programs will increase and two, that the nations need of these institutions and programs must be met as they are not fulfilled by any other segment of our society. Furthermore, the economic dimension of educational budgeting and financial accountability requires that we agree upon the objectives of our physical education programs and their priorities mandating that we carefully select the means by which we can best achieve our goals. Thus, sound budget making and financial management practices provide us with these means as we attempt to control, administer, and direct our physical education programs in our institutions of education to secure the present and the future existence of our profession.

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